

HERITAGE FINANCIAL CORPORATION

	CPP Disbursement Date 11/21/2008	RSSD (Holding Company) 2166124	Number of Insured Depository Institutions 1		
Selected balance and off-balance sheet items	2009 \$ millions	2010 \$ millions	%chg from prev		
Assets	\$154	\$163	5.9%		
Loans	\$109	\$109	0.3%		
Construction & development	\$9	\$5	-42.5%		
Closed-end 1-4 family residential	\$7	\$7	-7.9%		
Home equity	\$0	\$1	73.0%		
Credit card	\$0	\$0	13.6%		
Other consumer	\$0	\$1	29.8%		
Commercial & Industrial	\$16	\$17	6.5%		
Commercial real estate	\$35	\$39	11.0%		
Unused commitments	\$29	\$28	-5.2%		
Securitization outstanding principal	\$0	\$0			
Mortgage-backed securities (GSE and private issue)	\$6	\$4	-30.3%		
Asset-backed securities	\$0	\$0	-2.2%		
Other securities	\$3	\$4	43.2%		
Cash & balances due	\$32	\$42	29.0%		
Residential mortgage originations					
Closed-end mortgage originated for sale (quarter)	\$0	\$0			
Open-end HELOC originated for sale (quarter)	\$0	\$0			
Closed-end mortgage originations sold (quarter)	\$0	\$0			
Open-end HELOC originations sold (quarter)	\$0	\$0			
Liabilities	\$141	\$147	4.9%		
Deposits	\$139	\$147	5.3%		
Total other borrowings	\$0	\$0			
FHLB advances	\$0	\$0			
Equity					
Equity capital at quarter end	\$14	\$16	16.7%		
Stock sales and transactions with parent holding company (cumulative through calendar year)	\$0	\$0	NA		
Performance Ratios					
Tier 1 leverage ratio	9.1%	9.9%	--		
Tier 1 risk based capital ratio	13.5%	15.5%	--		
Total risk based capital ratio	14.8%	16.8%	--		
Return on equity ¹	16.8%	13.5%	--		
Return on assets ¹	1.5%	1.3%	--		
Net interest margin ¹	5.2%	5.2%	--		
Coverage ratio {(ALLL+Alloc transfer risk)/Noncurrent loans}}	171.7%	125.3%	--		
Loss provision to net charge-offs (qtr)	200.0%	46.2%	--		
Net charge-offs to average loans and leases ¹	0.2%	1.5%	--		
¹ Quarterly, annualized.					
	Noncurrent Loans		Gross Charge-Offs		
Asset Quality (% of Total Loan Type)	2009	2010	2009	2010	
Construction & development	13.5%	1.1%	0.0%	0.0%	--
Closed-end 1-4 family residential	0.0%	14.9%	0.0%	6.1%	--
Home equity	0.0%	0.0%	0.0%	0.0%	--
Credit card	0.0%	0.0%	0.0%	0.0%	--
Other consumer	0.0%	0.0%	0.0%	0.0%	--
Commercial & Industrial	0.0%	0.0%	0.3%	0.0%	--
Commercial real estate	0.0%	0.0%	0.0%	0.0%	--
Total loans	1.2%	1.8%	0.0%	0.4%	--